



2016 Rate Hearing

Oct 30, 2015



Welcome

Mike Miller, Branch Chief
Division of Recycling - Operations Branch



Welcome

Glen Baldwin

**Division of Recycling - Operations Branch
Rate Determination Section**



Agenda

- Our Rate Goal
- Why are we here?
- Why do rates change?
- Proposed 2016 Rates
- Historical Rate Trends
- Analysis / Explanation of Rate Changes
- Next Steps / Questions / Comments



Our Rate Goal

To ensure payment of the most accurate recycling program rates feasible in order to properly compensate consumers and industry, and to protect the solvency and integrity of the California Redemption Value (CRV) Fund.



Why are we here?

California Beverage Container Recycling & Litter Reduction Act

Section: 14549.5 (b)

“At least 60 days prior to the effective date of any new commingled rate, hold a public hearing, after giving notice, to make available to the public and affected parties the department's review and any proposed recalculations of the commingled rate.”



Why Do Rates Change?

- **Container Production & Packaging**
 - Size of containers (small / big)
 - Weight of containers (thin/thick)
 - Increase in the use of some materials
 - Decrease in the use of some materials



Why Do Rates Change?

- Sales
 - New Products & Containers
 - Discontinued Products & Containers
 - Product Trends
 - Overall increase in the types of products and variety of containers



Why Do Rates Change?

- **Economic Impacts**
 - Number of Containers Sold
 - Types of Containers and Products Sold
 - Number of Containers Returned
 - Types of Containers Returned



Why Do Rates Change?

Consumer Behavior

- What containers consumers purchase and return
- Where consumers choose to return containers
 - Socio-economic factors
- The condition of returned containers
 - Residual Product Residue / Debris / etc.



Why Do Rates Change?

Change in the Median Value of the “Universe”

- The median “average” rate for all materials is dynamic, and changes over time.
- Some materials are more dynamic, and tend to have more change, and some materials are less dynamic, and tend to have less change.



Why Do Rates Change?

Survey Error

- Perfect rates are impossible, since it's not possible to survey 20+ billion containers every year.
- Rate variability is normal, and can be expected, even with the best of survey methods.
- The survey has a margin of error of 5% or less



Why Do Rates Change?

Improvements & Changes to Survey Methods

- Based on Industry Input
- Based on Legislation
- Based on Regulations
- Based on Special Studies



Proposed 2016 Rates



Recycling Center Rates

	Current Rate	Proposed Rate	\$ Change	% Change
Aluminum	\$ 1.58	\$ 1.57	- \$ 0.01	- 0.6%
Glass	\$ 0.105	\$ 0.104	- \$0.001	- 1.0%
#1 – PET	\$ 1.17	\$ 1.21	+ \$ 0.04	+ 3.4%
#2 – HDPE	\$ 0.59	\$ 0.58	- \$ 0.01	- 1.7%
#3 – PVC	\$ 0.56	\$ 0.56	-	-
#4 – LDPE	\$ 2.03	\$ 2.08	+ \$ 0.05	+ 2.5%
#5 – PP	\$ 0.57	\$ 0.54	- \$ 0.03	- 5.3%
#6 – PS	\$ 5.53	\$ 5.52	- \$ 0.01	- 0.2%
#7 – Other	\$ 0.31	\$ 0.32	+ \$ 0.01	+ 3.2%
Bi-Metal	\$ 0.35	\$ 0.34	- \$ 0.01	- 2.9 %



Reverse Vending Machine Rates

	Current Rate	Proposed Rate	\$ Change	% Change
Aluminum	\$ 1.60	\$ 1.59	- \$ 0.01	- 0.6%
Glass	\$ 0.107	\$ 0.105	- \$ 0.002	- 1.9%
#1 – PET	\$ 1.27	\$ 1.31	+ \$ 0.04	+ 3.1%
#2 – HDPE	\$ 0.96	\$ 0.90	- \$ 0.06	- 6.2%



Curbside Program Rates

	Current Rate	Proposed Rate	\$ Change	% Change
Aluminum	\$ 1.43	\$ 1.41	- \$ 0.02	- 1.4%
Glass	\$ 0.042	\$ 0.044	+ \$ 0.002	+ 4.8%
#1 – PET	\$ 0.57	\$ 0.54	- \$ 0.03	- 5.3%
#2 – HDPE	\$ 0.05	\$ 0.03	- \$ 0.02	- 40.0%



Drop-Off / Collection Program Rates

	Current Rate	Proposed Rate	\$ Change	% Change
Aluminum	\$ 1.36	\$ 1.48	+ \$ 0.12	+ 8.8%
Glass	\$ 0.050	\$ 0.044	- \$ 0.006	- 12.0%
#1 – PET	\$ 0.68	\$ 0.73	+ \$ 0.05	+ 7.4%
#2 – HDPE	\$ 0.06	\$ 0.06	-	-

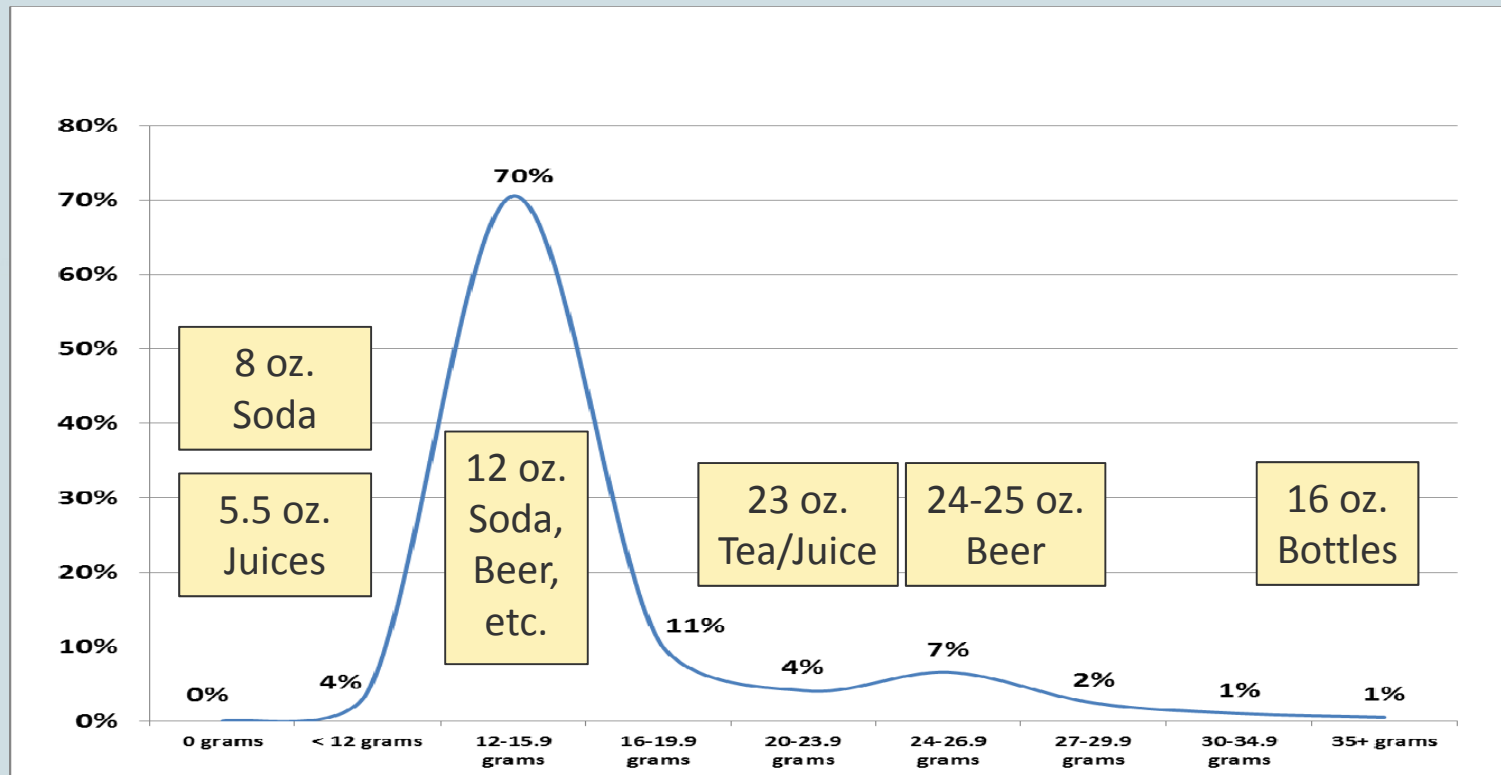


Community Service Program Rates

	Current Rate	Proposed Rate	\$ Change	% Change
Aluminum	\$ 1.50	\$ 1.57	+ \$ 0.07	+ 4.7%
Glass	\$ 0.060	\$ 0.081	+ \$ 0.021	+ 35.0%
#1 – PET	\$ 0.82	\$ 0.88	+ \$ 0.06	+ 7.3%
#2 – HDPE	\$ 0.10	\$ 0.08	- \$ 0.02	- 20.0%

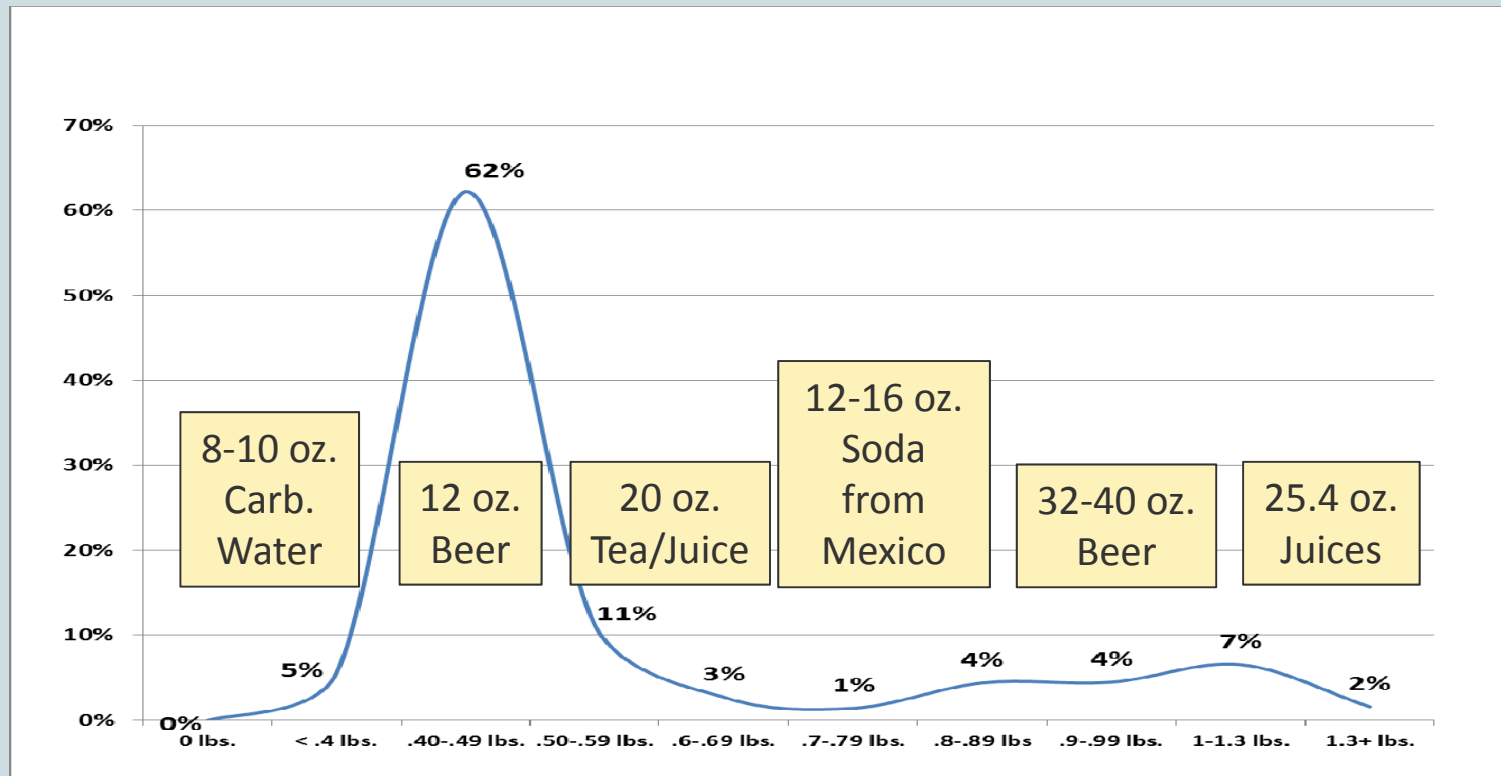


CRV AL Container Weight Distribution



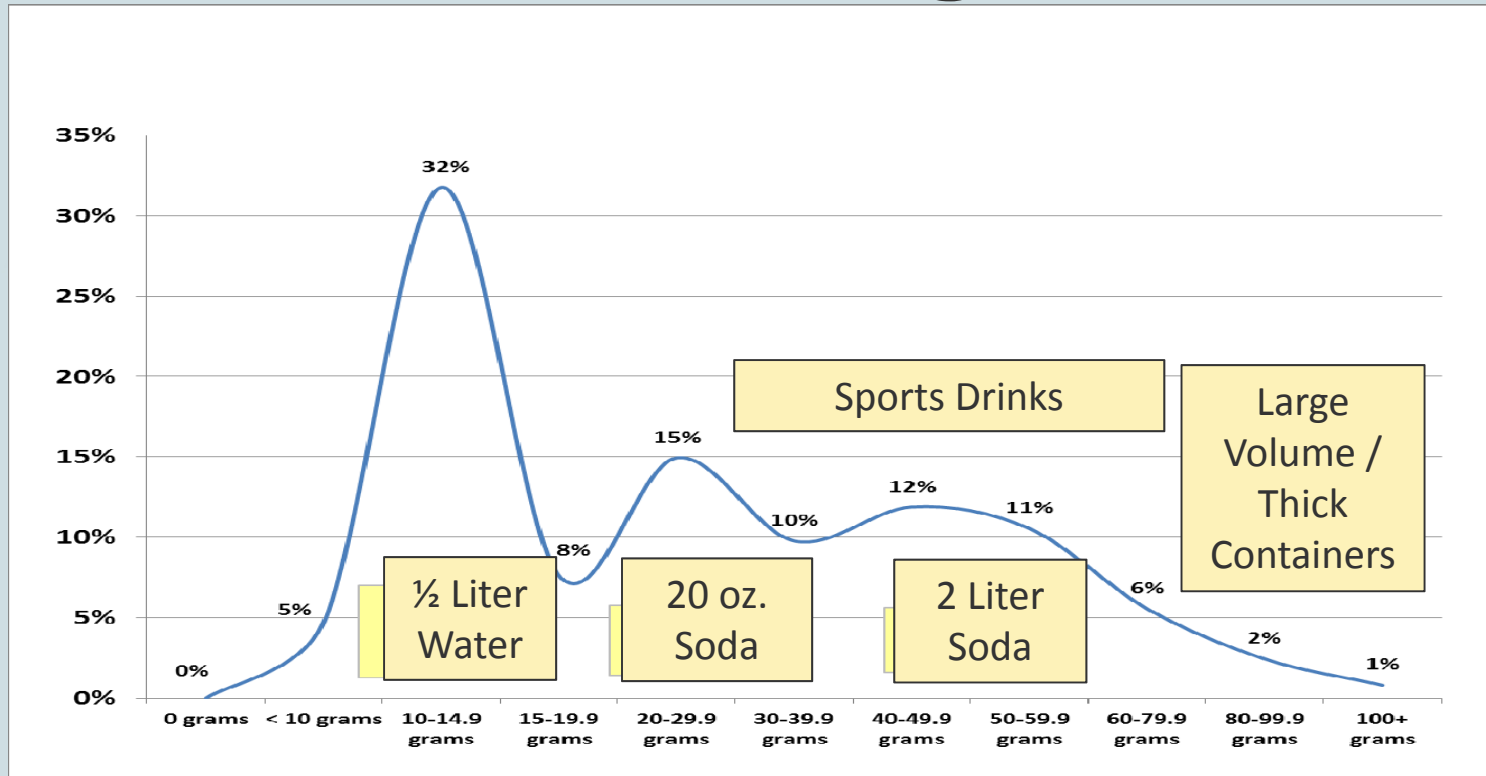


CRV GL Container Weight Distribution





CRV PET Container Weight Distribution





Conclusion

- Our Goal
- Again - Why Do Rates Change?
- What Will CalRecycle Do Now?
- Closing Comments



Questions / Comments / Input



Thank you!



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